

Message Text

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ACTION OPIC-12

INFO OCT-01 NEA-10 ISO-00 ABF-01 EB-11 AID-20 IGA-02 L-03

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R 231240Z APR 74

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 5240

UNCLAS TUNIS 2366

FOR OPIC

E.O. 11652: N/A

TAGSGC EFIN, TS

SUBJECT: BORDEN'S/MARSA MEROK CURRENCY CONVERSION
PROBLEMS UNDER EXPORT LAW OF APRIL 1972

REF: CAIRO 1829

1. EMBASSY HAS DISCUSSED SUBJECT PROBLEM FURTHER WITH MANAGERS AT MARSA MEROK AND DETERMINED THEIR EXPERIENCE IS RESULT OF COMMERCIAL PROBLEM RATHER THAN CONVERTIBILITY PROBLEM UNDER ARTICLE 6 OF EXPORT INDUSTRIES LAW. ESSENTIALLY, IT IS QUESTION OF MARSA MEROK BEING SHORT OF FUNDS BECAUSE IT MUST MEET PRODUCTION COSTS ON CURRENT BASIS WHILE, ACCORDING TO CUSTOMARY GARMENT TRADE PRACTICES, PAYMENTS FOR ITS EXPORTS SALES ARE MADE BY LETTERS OF CREDIT PAYABLE IN 90 DAYS.

2. INDUSTRIES ESTABLISHED UNDER 1972 TUNISIAN EXPORT INDUSTRIES LAW DO NOT HAVE ACCESS TO LOCAL LOAN FUNDS SINCE GOT INSISTS THAT INDUSTRIES ESTABLISHED ONLY FOR EXPORT PROVIDE ALL NECESSARY FINANCING FROM ABROAD. FURTHER, SINCE GOODS ARE NOT SOLD LOCALLY, LETTERS OF CREDIT FROM FOREIGN CLIENTS CANNOT BE DISCOUNTED AT TUNISIAN BANKS NOR CAN SUCH DOCUMENTS BE DISCOUNTED IN EUROPE TO OBTAIN FUNDS FOR TRANSFER TO TUNISIA TO

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PAY LOCAL COSTS BECAUSE OF CURRENCY TRANSFER RESTRIC-

TIONS EXISTING IN EUROPE. THEREFORE, MARSA MEROK MUST WAIT FOR PAYMENT OF L/C AT END OF 90 DAYS BEFORE TRANSFERRING MONEY. EMBASSY TUNIS DOES NOT UNDERSTAND EUROPEAN BANKING REGULATIONS WELL ENOUGH TO COMMENT ON ABOVE. SEEMINGLY, CURRENCY FLUCTUATIONS CAUSE RESTRICTIONS ON CURRENCY TRANSFER RECEIVED FROM DISCOUNTED L/C, WHILE BANKS ALSO RELUCTANT TO GRANT DISCOUNT FACILITY TO FIRM WHOSE ASSETS LOCATED IN OTHER COUNTRY.

3. EMBASSY RECEIVED GENERAL IMPRESSION THIS IS NOT TERRIBLY SERIOUS PROBLEM.

4. EMBASSY WILL DISCREETLY RAISE THIS MATTER WITH INVESTMENT PROMOTION AGENCY (API) AND CENTRAL BANK (BCT) OVER COMING MONTHS. PERHAPS BCT REGULATIONS CAN BE AMENDED TO ALLOW LOCAL COMMERCIAL BANKS TO EXTEND LIMITED LINE OF SHORT TERM CREDIT TO EXPORT FIRMS TO MEET LOCAL COSTS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CLOTHING, EXPORTS, FOREIGN EXCHANGE CONTROLS, EXPORTERS, LETTERS OF CREDIT, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TUNIS02366
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740095-0284
From: TUNIS
Handling Restrictions: n/a
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Review Markings:

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30 JUN 2005

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To: STATE
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